



Annual Financial Statements

for

Ikwezi Municipality

for the year ended 30 June: **2013**

Province: **Eastern Cape**

AFS rounding: **R (i.e. only cents)**

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Ikwezi Municipality
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General information

Members of the Council

Mngwevu S A	Mayor
Mngwevu S A	Speaker
Hendricks K	Member
Bonaparte M	Member
Ntame L	Member
Mboneni A	Member
Lewis J	Member
Seekoei B W	Member
Kekana U	Member

Municipal Manager

Mr. Gutas T

Chief Financial Officer

Ms. D Sauls

Grading of Local Authority

GRD 2

Auditors

Auditor-General

Bankers

ABSA Bank - Jansenville

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General Information (continued)

Registered Office:	Ikwezi Local Municipality
Physical address:	34 Main Street Jansenville 6265
Postal address:	P O Box 12 Jansenville 6265
Telephone number:	498 360 021
Fax number:	498 360 105
E-mail address:	<u>registry@ikwezimunicipality.co.za</u>

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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager:

DATE 30 June 2013

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Ikwezi Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Note	2013 R	2012 R
ASSETS			
Current assets			
Cash and cash equivalents	1	41 088	311 456
Trade and other receivables from exchange transactions	2	3 941 462	1 315 441
Other receivables from non-exchange transactions	3	2 337 639	1 811 908
Inventories	4	2 349	-
VAT receivable	10	880 416	336 273
Non-current assets			
Property, plant and equipment	6	74 271 187	66 726 220
Intangible assets	7	232 719	378 602
Investment property carried at cost	8	35 155 800	35 155 800
Total assets		116 862 659	106 035 701
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	9	11 646 851	7 998 464
Current provisions	11	2 003 733	957 578
Bank overdraft	1	911 163	1 251 027
Current portion of unspent conditional grants and receipts	12	8 757 717	3 611 240
Current portion of finance lease liability	13	222 176	200 589
Non-current liabilities			
Non-current finance lease liability	13	364 386	385 970
Non-current provisions	14	1 022 400	1 022 400
Total liabilities		24 928 424	15 427 267
Net assets		91 934 235	90 608 433
NET ASSETS			
Accumulated surplus / (deficit)		91 934 235	90 608 433
Total net assets		91 934 235	90 608 433

Ikwezi Municipality
STATEMENT OF FINANCIAL PERFORMANCE
as at 30 June 2013

	Note	2013 R	2012 R
Revenue			
Property rates	15	1 392 245	1 042 936
Property rates - penalties imposed and collection charges	15	189 438	247 507
Service charges	16	11 024 551	6 071 769
Rental of facilities and equipment	17	10 491	231 518
Interest earned - external investments	18	116 524	139 939
Interest earned - outstanding receivables	19	808 880	503 582
Government grants and subsidies	20	28 377 084	25 968 417
Public contributions and donations	21	10 000	-
Other income	21	1 015 701	2 742 369
Total revenue		42 744 915	36 948 037
Expenses			
Employee related costs	22	17 490 346	12 967 519
Remuneration of councillors	23	1 517 080	1 399 945
Bad debts		2 973 593	2 719 210
Depreciation and amortisation expense	24	2 526 105	870 991
Repairs and maintenance		1 181 002	1 037 473
Finance costs	25	77 696	98 120
Bulk purchases	26	5 374 105	4 962 174
General expenses	27	10 135 267	9 513 988
Total expenses		41 275 196	33 569 420
Gain / (loss) on sale of assets	28	-	(2 418)
(Impairment loss) / Reversal of impairment loss	29	-	(17 353)
Items transacted directly against appropriation account		(143 917)	
Surplus / (deficit) for the period		1 325 802	3 358 846

Ikwezi Municipality
STATEMENT OF BUDGET VERSUS ACTUAL
as at 30 June 2013

	Note	2013	2013	Difference between Final Budget and Actuals R	Reasons
		Actuals R	Final Budget R		
Revenue					
Property rates		1 392 245	1 954 290	562 046	Income foregone
Property rates - penalties imposed and collection charges		189 438	315 339	125 901	
Service charges		11 024 551	17 043 305	6 018 753	Equitable share portion included in budget
Rental of facilities and equipment		10 491	215 060	204 569	Budget excessive
Interest earned - external investments		116 524	234 341	117 817	Inadequate cash position
Interest earned - outstanding receivables		608 880	896 759	287 879	
Government grants and subsidies		28 377 084	29 744 215	1 367 131	
Public contributions and donations		10 000			
Other income		1 015 701	10 742 429	9 726 727	Budget excessive
Total revenue		42 744 915	61 145 739	18 410 824	
Expenses					
Employee related costs		17 490 348	18 908 361	1 418 015	Vacant positions
Remuneration of councillors		1 517 080	1 468 977	(48 103)	
Bad debts		2 973 593	645 217	(2 328 377)	Credible Bad Debt provision calculation
Depreciation and amortisation expense		2 526 105	1 153 651	(1 372 454)	Implementation of GRAP 17
Repairs and maintenance		1 181 002	2 810 403	1 629 401	Financial constraints
Finance costs		77 696	325 172	247 476	External loan not materialised
Bulk purchases		5 374 105	5 898 763	524 658	Reclassification of municipality electricity to general expenditure
General expenses		10 135 267	13 511 316	3 376 049	Financial constraints
Total expenses		41 275 196	44 721 860	3 446 665	
Items transacted directly against appropriation account		(143 917)			
Surplus / (deficit) for the period		1 325 802	16 423 878	14 984 159	

Ikwezi Municipality						
STATEMENT OF CHANGES IN NET ASSETS						
as at 30 June 2013						
	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
		R	R	R	R	R
Balance at 30 June 2011				-	49 952 243	49 952 243
Retained earnings transfer					15 615 290	15 615 290
Changes in nett assets					21 682 054	21 682 054
Surplus / (deficit) for the period	32				3 358 846	3 358 846
Restated balance as at 30 June 2012		-	-	-	90 608 433	90 608 433
Surplus / (deficit) for the period					1 325 802	1 325 802
Balance at 30 June 2013		-	-	-	91 934 235	91 934 235

Ikwezi Municipality
CASH FLOW STATEMENT
as at 30 June 2013

	Note	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		41 962 170	36 890 827
Taxation			
Sales of goods and services		41 962 170	36 890 827
Grants			
Interest received			
Other receipts			
Payments		32 286 269	31 044 223
Employee costs		17 490 346	12 967 519
Suppliers		13 119 684	10 362 326
Interest paid			94 941
Other payments		1 656 239	7 618 437
Net cash flows from operating activities	30	9 695 900	5 846 604
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(9 925 188)	(4 261 083)
Net cash flows from investing activities		(9 925 188)	(4 261 083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liability		(110 576)	(393 569)
Net cash flows from financing activities		(110 576)	(393 569)
Net increase / (decrease) in net cash and cash equivalents		(339 864)	1 191 952
Net cash and cash equivalents at beginning of period		1 251 027	59 075
Net cash and cash equivalents at end of period	31	911 163	1 251 027

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Basis of preparation of the Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the Generally Recognised Accounting Practices (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the Municipality's functional currency.

1.2 Going concern assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued and have been adopted by the municipality as noted below:

GRAP 18 Segment Reporting issued March 2005 -
GRAP 21 Impairment of Non - Cash - generating - assets - June 2013
GRAP 23 Revenue from Non - Exchange Transactions - June 2013
GRAP 24 Presentation of Budget Information - June 2013
GRAP 26 Impairment of Cash - generating - assets - June 2013
GRAP 103 Heritage Assets issued July 2008 -
GRAP 25 Employee Benefits issued 11 January 2009 -

1.4 Change in accounting policies and comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

The details of any resulting changes in accounting policy and comparative restatements are given in note 32 to the Annual Financial Statements.

The municipality changes an accounting policy only if the following instances:

- (a) Is required by a Standard of GRAP; or
 - (b) Results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.
- The details of any changes in accounting policies and comparative restatements are explained in the relevant policy.

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Annual Financial Statements for the year ended 30 June 2013

Accounting Policies (continued)

1.5 Property, plant and equipment

1.5.1 Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others (other than investment property), or for administrative purposes, and are expected to be used

during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non - exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use

them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.5.2 Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.5.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight - line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure Assets:

Roads and Paving 30 years

Storm Water Drainage 20 years

Community Assets:

Buildings 30 years

Recreational Facility 20-30 years

Security 5 years

Community Halls 30 years

Libraries 30 years

Parks and gardens 10 years

Finance Lease Assets:

Office equipment 4 years

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Accounting Policies (continued)

Other Assets:

Buildings 30 years

Specialist vehicles 10 years

Other vehicles 5 years

Office equipment 3-7 years

Furniture and fittings 7-10 years

Bins and containers 5 years

Specialised plant and equipment 10-15 years

Landfill sites 15 years

Computer equipment 3 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows :

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A

GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38

GRAP 13 Leases - paragraphs 55-60

GRAP 17 Property, Plant and Equipment - paragraphs 73-83

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E

GRAP 102 Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant & equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant & equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

The municipality acquired a transfer(s) of function in 2010 and property, plant & equipment has accordingly been recognised at provisional amounts, as disclosed in 6. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and during the next three financial years impairment and depreciation assessments will not be considered.

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Annual Financial Statements for the year ended 30 June 2013

Accounting Policies (continued)

1.6 Investment property

1.6.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or, both, land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non - exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self - constructed investment property is the cost at date of completion.

1.6.2 Subsequent measurement - cost model

Investment property is measured using the cost model and a revaluation will be performed once every five years. Under the cost model, investment property is carried at its depreciated re-valued amount less impairments at the reporting date. Any gain or loss arising from the revaluation is included in revaluation reserve.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A

GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38

GRAP 13 Leases - paragraphs 55-60

GRAP 16 Investment property - paragraphs 63-70

GRAP 17 Property, Plant and Equipment - paragraphs 73-83

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E

GRAP 102 Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial year's impairment and depreciation assessments will not be considered.

1.7 Intangible assets

1.7.1 Initial recognition

An Intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- The municipality intends to complete the intangible asset for use or sale;
- It is technically feasible to complete the intangible asset;
- The municipality has the resources to complete the project; and
- It is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non - exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.7.2 Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

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Accounting Policies (continued)

1.7.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software 5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1 Presentation of Financial Statements - paragraphs 7-8A

GRAP 9 Revenue from Exchange Transactions - paragraphs 37-38

GRAP 13 Leases - paragraphs 55-60

GRAP 17 Property, Plant and Equipment - paragraphs 73-83

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E

GRAP 102 Intangible Assets - paragraph 110-118

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets were acquired through a transfer of functions, the municipality is not required to measure that intangible asset for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

The transitional provision expires on 30 June 2012.

Due to the impact of Directive 4 being adopted and the core criteria of all assets being exempt for measurement, for and including the next three financial years impairment and amortisation assessments will not be considered.

1.8 Value added tax

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services.

The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

1.9 Leases

1.9.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

The municipality changed its accounting policy for leases in 2010. The change in accounting policy is made in accordance

IKWEZI LOCAL MUNICIPALITY

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Accounting Policies (continued)

1.9.2 Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease.

The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis.

The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Revenue recognition

1.10.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

proportionate basis.

Interest revenue is recognised on a time proportion basis.

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Accounting Policies (continued)

Revenue from the rental of facilities and equipment is recognised on a straight - line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

1.10.2 Revenue from non - exchange transactions

Revenue from non - exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non - exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

1.10.3 Grants, transfer and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional.

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies (continued)

The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.11 Financial instruments

Initial recognition and measurement

1.11.1 Initial recognition

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.11.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held to maturity, loans and receivables, or available for sale.

Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.11.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.11.2.2 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value.

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies (continued)

Amounts that are receivable within 12 months from the reporting date are classified as current. An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.11.2.3 Financial liabilities: trade and other payables from non exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities and are held at cost, as their cost approximates their fair value.

1.11.2.4 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short - term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.12 Conditional grants and receipts

Unutilised conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

1.13 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a pre - tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability. The municipality does not recognise a contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- The business or part of a business concerned;
- The principal locations affected; -

The location, function, and approximate number of employees who will be compensated for terminating their services;

- The expenditures that will be undertaken; and
- When the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it..

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies (continued)

1.14 Retirement benefits

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the South African Municipal Workers Union (SAMWU) and to the Cape Joint Provident Fund (CJPF) to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined contribution funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

1.15 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Internal reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account.

The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/ (deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

1.19 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

In the absence of whether there is any indication of impairment, the municipality also:

- Tests intangible assets with an indefinite useful life, or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash - generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash - generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount.

That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a re-valued asset is treated as a re-valuation decrease.

IKWEZI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies (continued)

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

to The assets of The unit, pro rata on The basis of The carrying amount of each asset in The unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a re-valued asset is treated as a revaluation increase.

The municipality changed its accounting policy for property, plant & equipment in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

1.20 Retirement benefits

Short - term employee benefits

The cost of short - term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non - accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry - managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

Multi employers defined benefit pension plan are treated as defined contribution plan. For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees.

Actuarial gains or losses within the corridor are not recognised.

Gains or losses, on the curtailment, or settlement, of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit

obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Call deposits		41 088	311 456
		<u>41 088</u>	<u>311 456</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
Absa Bank Jansenville - Cheque account no - 4053099797		(281 459)	(75 025)
Absa Bank Jansenville - Salary Cheque account no - 2520141122		89	8 398
Cash book balance at beginning of year		(1 251 027)	(153 630)
Cash book balance at end of year		<u>(911 163)</u>	<u>(1 251 027)</u>
Bank statement balance at beginning of year		(88 627)	(151 925)
Bank statement balance at end of year		<u>(281 370)</u>	<u>(86 627)</u>
<u>Current Account (Other Account)</u>			
Absa Bank Jansenville - Money Market account no - 9137635959		25 199	224 127
Absa Bank Jansenville - Call Deposit account no - 9118667163		3 045	73 017
Absa Bank Jansenville - Call Deposit account no - 9101589574		3 841	5 310
Standard Bank Jansenville - Trust Fund account no - 3/298866537/001		9 002	9 002
Cash book balance at beginning of year		311 456	(212 705)
Cash book balance at end of year		<u>41 088</u>	<u>311 456</u>
Bank statement balance at beginning of year		311 456	212 704
Bank statement balance at end of year		<u>41 087</u>	<u>311 456</u>
<u>Cash on hand</u>			
Total cash and cash equivalents		<u>(870 075)</u>	<u>(939 571)</u>
Total bank overdraft		<u>911 163</u>	<u>1 251 027</u>

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>			
as at 30 April 2013			
Service debtors			
Electricity		3 014 805	498 865
Water		3 798 179	627 385
Sewerage		3 998 660	659 841
Refuse		4 154 522	686 155
Other - Sundry debtors		1 469 215	1 469 215
Total		16 435 381	3 941 462

Total Trade and other receivables	16 435 381	(12 493 920)	3 941 462
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as at 30 June 2012

Service debtors			
Electricity	698 729	(896 145)	584
Water	2 735 925	(2 735 849)	76
Sewerage	2 687 500	(2 686 874)	626
Refuse	3 126 891	(3 246 354)	(121 463)
Other - Sundry debtors	1 435 619		1 435 619
Total	10 884 663	(9 569 222)	1 315 441

Total Trade and other receivables	10 884 663	(9 569 222)	1 315 441
--	-------------------	--------------------	------------------

Rates: Ageing

Current (0 – 30 days)		64 140	23 573
31 - 60 Days		27 471	18 311
61 - 90 Days		24 751	16 220
91 - 120 Days		24 232	16 031
121 - 365 Days+		2 164 329	2 178 004
Total		2 304 923	2 252 139

Electricity, Water and Sewerage: Ageing

Current (0 – 30 days)	1 046 001	317 141
31 - 60 Days	536 240	274 293
61 - 90 Days	519 507	228 174
91 - 120 Days	501 665	212 892
121 - 365 Days +	14 918 626	9 852 164
Total	17 522 039	10 884 664

Summary of Debtors by Customer Classification

	Consumers R	Industrial / Commercial R	National and Provincial Government R
as at 30 June 2013			
Current (0 – 30 days)	1 020 135	21 020	68 986
31 - 60 Days	529 006	11 440	23 285
61 - 90 Days	527 889	10 188	6 181
91 - 120 Days	514 943	8 804	2 150
121 - 365 Days+	16 785 711	294 003	3 241
Sub-total	19 377 684	345 455	103 823
Less: Provision for doubtful debts	(12 493 920)		
Total debtors by customer classification	6 883 764	345 455	103 823

as at 30 June 2012

Current (0 – 30 days)	373 106	(7 042)	77 827
31 - 60 Days	223 875	8 494	12 025
61 - 90 Days	218 558	7 373	2 992
91 - 120 Days	216 452	6 260	1 909
121 - 365 Days+	11 515 614	260 945	10 038
Sub-total	12 547 605	276 030	104 791
Less: Provision for doubtful debts			
Total debtors by customer classification	12 547 605	276 030	104 791

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

Note	2013 R	2012 R
2 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	11 820 411	11 820 411
Contributions to provision	2 973 693	-
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	<u>14 794 004</u>	<u>11 820 411</u>

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

DIRECT BILLING RECEI	(72)	(72)
BILLING SUSPENSE CON	(378)	-
DEBTORS CONTROL: RATES	2 754 669	2 252 139
PROV FOR BAD DEBTS RATES	(2 300 086)	(2 251 189)
SUNDRY DEBTORS	1 682 588	1 679 105
MIG/PROV GRANTS IN A	66 416	66 416
MOTOR VEHICLES	355	-
FUEL ADVANCE: NOORSV	20 000	20 000
KNOETZE - MEDICAL FU	8 417	3 823
MEDICAL AID: M.NEL	(1 462)	374
ARREARS- MED AID: VA	14 358	9 955
DUPISANIE: MEDICAL A	47 696	31 357
PROV GOV: MOTOR REGI	47 134	-

Notes 1-10/A686

Total Other Debtors	<u>2 337 639</u>	<u>1 811 908</u>
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4 INVENTORIES

Opening balance of inventories:		
Water	-	-
Water		
Closing balance of inventories:	<u>2 349</u>	<u>-</u>
Water	2 349	

This is the first year that Council has measured the Water Inventory.
The measurement was limited to the reservoirs only as there are no water meters installed at the individual households.

5 INVESTMENTS

Deposits	41 088	311 456
Call Investments	<u>41 088</u>	<u>311 456</u>

Fixed deposits amounting to Rxxx (20X0: Rxxx) have been ring-fenced for the purposes of repaying long-term liabilities as set out in Note 36.

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease	Total
	R	R	R	R	R	R	assets R	R
as at 1 July 2012	2 559 245	-	56 967 726	4 440 441	-	1 604 395	1 154 414	66 726 220
Cost/Revaluation	3 342 200	-	93 396 745	5 815 728	-	2 684 688	1 309 371	106 548 732
Accumulated depreciation and impairment losses	(782 955)	-	(36 429 019)	(1 375 288)	-	(1 080 292)	(154 956)	(39 822 511)
Acquisitions	-	-	9 419 303	-	-	505 885	-	9 925 188
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	(71 726)	-	(1 692 617)	(140 484)	-	(423 741)	(51 652)	(2 380 221)
as at 30 June 2013	2 487 518	-	64 694 411	4 299 957	-	1 686 539	1 102 762	74 271 187
Cost/Revaluation	3 342 200	-	102 816 048	5 815 728	-	3 190 573	1 309 371	116 473 919
Accumulated depreciation and impairment losses	(854 682)	-	(38 121 637)	(1 515 771)	-	(1 504 034)	(206 608)	(42 202 732)

App B'IA1

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

6.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2011	2 559 245	-	38 584 866	3 113 851	-	1 579 026	1 154 414	46 991 402
Cost/Revaluation	3 342 200	-	73 400 285	4 348 655	-	2 286 332	1 309 371	84 686 862
Accumulated depreciation and impairment losses	(782 955)	-	(34 815 428)	(1 234 804)	-	(717 306)	(154 956)	(37 705 450)
Acquisitions	-	-	19 986 451	1 467 074	-	388 355	-	21 851 880
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	(1 613 591)	(140 484)	-	(362 986)	-	(2 117 061)
as at 30 June 2012	2 559 245	-	56 967 726	4 440 441	-	1 604 395	1 154 414	66 726 220
Cost/Revaluation	3 342 200	-	93 386 745	5 815 728	-	2 684 688	1 309 371	106 548 732
Accumulated depreciation and impairment losses	(782 955)	-	(36 429 019)	(1 375 288)	-	(1 080 292)	(154 956)	(39 822 511)

Refer to Appendix B for more detail on property, plant and equipment

App B'1A1

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
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7 INTANGIBLE ASSETS

7.1 Reconciliation of carrying value

	Computer Software R	Other R	Total R
as at 1 July 2012	378 802	-	378 802
Cost	730 250	-	730 250
Accumulated amortisation and impairment losses	(351 648)	-	(351 648)
Acquisitions			-
Amortisation	(145 883)		(145 883)
as at 30 June 2013	232 719	-	232 719
Cost	730 250		730 250
Accumulated amortisation and impairment losses	(497 531)		(497 531)

7.1 Reconciliation of carrying value

	Computer Software R	Other R	Total R
as at 1 July 2011	730 250	-	730 250
Cost	730 250		730 250
Acquisitions			-
Amortisation	(351 648)		(351 648)
as at 30 June 2012	378 802	-	378 802
Cost	730 250	-	730 250
Accumulated amortisation and impairment losses	(351 648)	-	(351 648)

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
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8 INVESTMENT PROPERTY CARRIED AT COST

8.1 Reconciliation of carrying value

	Investment property X R	Investment property Y R	Total R
as at 1 July 2012	35 155 800	-	35 155 800
Cost	35 155 800		35 155 800
Accumulated depreciation and impairment losses			-

as at 30 June 2013	35 155 800	-	35 155 800
Cost	35 155 800		35 155 800
Accumulated depreciation and impairment losses			-

8.1 Reconciliation of carrying value

	Investment property R	Revaluations R	Total R
as at 1 July 2011	35 155 800	-	35 155 800
Cost	35 155 800		35 155 800
Accumulated depreciation and impairment losses			-

as at 30 June 2012	35 155 800	-	35 155 800
Cost	35 155 800		35 155 800
Accumulated depreciation and impairment losses			-

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

Note	2013 R	2012 R
9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	7 942 580	4 486 906
Payments received in advance	89 005	180 684
Retentions	109 715	109 715
Auditor General	1 876 507	2 315 104
Other creditors	1 629 043	906 055
Total creditors	11 646 851	7 998 464

The fair value of trade and other payables approximates their carrying amounts.

10 VAT RECEIVABLE

VAT receivable	880 416	336 273
	880 416	336 273

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11 PROVISIONS

Performance bonus	357 400	223 580
Current portion of long-service provision (see note 25)		
Provision for leave	1 646 333	733 998
Landfill Site		
Total Provisions	2 003 733	957 578

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.

The movement in current provisions are reconciled as follows: -

as at 1 July 2012
Contributions to provision
Expenditure incurred
as at 30 June 2013

Performance Bonus	Provision for leave
223 580	733 998
133 820	912 335
357 400	1 646 333

as at 1 July 2011
Contributions to provision
Expenditure Incurred
as at 30 June 2012

223 580	407 704
326 294	
223 580	733 998

Current portion Long-service	Other provisions
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Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
12.1 Unspent Conditional Grants from other spheres of Government			
MIG Grant		1 543 480	470 979
Grap Conversion Grant		53 153	231 897
MSIG Grant		375 638	257 725
Spacial Development Framework Grant		74 558	350 000
Integrated National Electrification Municipal Grant		2 948 808	74 631
FMG Grant			119
EPWP		437 315	
DWA Capacity Grant		300 000	
Other		3 024 766	2 225 888
12.2 Other Unspent Conditional Grants and Receipts			
Other			
Other			
Total Unspent Conditional Grants and Receipts		8 757 717	3 611 240
Non-current unspent conditional grants and receipts			
Current portion of unspent conditional grants and receipts		8 757 717	3 611 240
See Note 31 for reconciliation of grants and receipts.			

13 FINANCE LEASE LIABILITY

2013	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	222 176		
Within two to five years	364 386		364 386
	586 561	-	364 386
Less: Amount due for settlement within 12 months (current portion)			222 176
			586 561
2012			
Amounts payable under finance leases			
Within one year	200 589	77 696	789 756
Within two to five years	385 970		
	586 559	77 696	789 756
Less: Amount due for settlement within 12 months (current portion)			(200 589)
			589 167

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
14 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill sites		1 022 400	1 022 400
Total Non-Current Provisions		<u>1 022 400</u>	<u>1 022 400</u>

15 PROPERTY RATES

Actual

Residential	1 941 624	1 042 936
Commercial		
Light Industries		
Heavy Industries		
State		
Less Income Forgone	(549 380)	
Total property rates	<u>1 392 245</u>	<u>1 042 936</u>
Property rates - penalties imposed and collection charges	189 438	247 507
Total	<u>1 581 682</u>	<u>1 290 443</u>

Valuations

Residential	60 377 250	60 377 250
Commercial	882 174 900	882 174 900
State	85 716 900	85 716 900
Municipal	36 685 750	36 685 750
Total Property Valuations	<u>1 064 954 800</u>	<u>1 064 954 800</u>

Valuations on land and buildings are performed every four years.
The last valuation came into effect on 1 July 2012.

16 SERVICE CHARGES

Sale of electricity	6 377 805	2 782 160
Sale of water	1 476 977	1 005 656
Refuse removal	1 418 361	1 052 653
Sewerage and sanitation charges	1 751 409	1 231 300
Total Service Charges	<u>11 024 551</u>	<u>6 071 769</u>

17 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	10 491	231 518
Total rentals	<u>10 491</u>	<u>231 518</u>

18 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	116 524	139 939
Total Interest	<u>116 524</u>	<u>139 939</u>

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
19 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Interest: Electricity		28 219	23 589
Interest: Water		192 615	145 718
Interest: Sewerage		196 027	169 868
Interest: Refuse Removal		185 145	156 909
Interest: Sundry Debtors		6 875	7 498
Total Interest		608 880	503 582
20 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		15 595 000	13 753 000
MIG Grant		8 489 195	9 459 034
MSIG		623 801	532 275
FMG		1 500 000	1 763 178
Other Government Grants and Subsidies		2 169 089	460 930
Total Government Grant and Subsidies		28 377 084	25 968 417
20.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.			
20.2 MIG Grant			
Balance unspent at beginning of year		-	-
Current year receipts		10 244 000	9 459 034
Conditions met - transferred to revenue		(8 489 195)	(9 459 034)
Conditions still to be met - remain liabilities		1 754 805	-
<i>Provide explanations of conditions still to be met and other</i>			
20.3 Other Government Grants and Subsidies			
Balance unspent at beginning of year		231 897	
FMG		1 500 000	
MSIG		800 000	
Integrated National Electrification (Municipal) Grant		3 200 000	
DWA		300 000	
EPWP		1 000 000	
Current year receipts		2 653 615	692 827
Conditions met - transferred to revenue		(2 169 089)	(460 930)
Conditions still to be met - remain liabilities		7 516 423	231 897
21 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
21.1 Other Income			
Other income		1 015 701	2 742 369
Total Other Income		1 015 701	2 742 369
21.2 Public contributions and donations			
Donations		10 000	
Total public contributions and donations		10 000	-

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
22 EMPLOYEE RELATED COSTS			
Employee related costs - Salaries and Wages		12 080 114	8 388 378
Employee related costs - Contributions for UIF, pensions and medical aids		1 828 799	1 485 491
Travel, motor car, accommodation, subsistence and other allowances		2 074 434	1 328 129
Housing benefits and allowances		14 997	22 406
Overtime payments		703 278	546 107
Performance and other bonuses		785 285	1 033 171
Long-service awards		3 440	
Other employee related costs			163 837
Employee Related Costs		17 490 346	12 967 519

Remuneration of the Municipal Manager

Annual Remuneration	682 500	304 799
Performance- and other bonuses	112 350	99 210
Travel, motor car, accommodation, subsistence and other allowances	120 000	60 200
Total	914 850	464 209

Remuneration of the Chief Finance Officer

Annual Remuneration	251 000	339 500
Performance- and other bonuses		69 300
Travel, motor car, accommodation, subsistence and other allowances	35 000	84 000
Total	286 000	492 800

Remuneration of Individual Executive Directors

	Technical Services R	Corporate Services R	Strategic Services R
2013			
Annual Remuneration	557 500	-	575 500
Performance- and other bonuses	97 370	-	97 370
Travel, motor car, accommodation, subsistence and other allowance	138 000	-	120 000
Total	792 870	-	792 870

	Technical Services R	Corporate Services R	Strategic Services R
2012			
Annual Remuneration	70 583	-	-
Performance- and other bonuses		-	-
Travel, motor car, accommodation, subsistence and other allowance	2 000	-	-
Total	72 583	-	-

23 REMUNERATION OF COUNCILLORS

Executive Mayor	315 147	317 700
Councillors	779 730	1 082 245
Councillors' allowances	422 202	
Total Councillors' Remuneration	1 517 080	1 399 945
In-kind Benefits		

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
24 DEPRECIATION AND AMORTISATION EXPENSES			
Property, plant and equipment		2 276 918	724 900
Intangible assets		249 187	146 091
Total Depreciation and Amortisation		2 526 105	870 991
25 FINANCE COSTS			
Borrowings		77 696	98 120
Total Finance Costs		77 696	98 120
26 BULK PURCHASES			
Electricity		5 374 105	4 962 174
Total Bulk Purchases		5 374 105	4 962 174
27 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		77 882	145 989
Admin fees		-	2 162
Audit Committee Fees		-	38 530
Audit fees - external		435 166	1 104 751
Audit fees - internal		-	943 053
Bank charges		152 464	139 398
Cleaning		-	48 692
Computer expenses		-	220 466
Conferences and delegations		6 000	27 500
Courier services		-	25 944
Consumables		59 881	174 608
Departmental - electricity		943 085	305 950
Entertainment		128 333	172 854
Financial management grant		208 452	-
Fuel and oil		507 201	463 860
Insurance		125 509	144 294
Legal expenses		415 962	-
Lease rentals on operating leases		-	292 136
Licence fees - vehicles		-	431 198
Magazines, books and periodicals		-	23 379
Marketing		-	126 793
Motor vehicle and plant expenses		-	243 259
Pauper burials		-	13 120
Postage		37 215	53 420
Printing and stationery		271 611	174 813
Project maintenance costs		-	339 748
Professional fees		2 152 077	-
Rental of buildings		270 078	-
Service Provider Fees		-	2 602 629
Subscription & publication		173 674	173 037
Telephone cost		646 649	383 513
Training		316 618	261 044
Uniforms & overalls		105 121	47 394
Valuation costs		-	50 375
Chemicals		876 815	-
Other		1 118 919	340 079
Contribution to Leave provision		1 108 556	-
		10 135 267	9 613 988

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
28 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment			2 418
Total Gain / (Loss) on Sale of Assets		-	<u>2 418</u>
29 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)			
Property, plant and equipment			17 353
Total Impairment loss / (Reversal of Impairment Loss)		-	<u>17 353</u>
30 CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		1 325 802	3 358 846
Adjustment for:-			
Depreciation and amortisation		2 526 105	870 991
(Gain) / loss on sale of assets		-	2 418
Contribution to provisions - non-current		223 580	733 998
Finance costs		77 696	98 120
Impairment loss / (reversal of impairment loss)		-	17 353
Other non-cash item			
Operating surplus before working capital changes:		<u>4 153 183</u>	<u>5 081 726</u>
(Increase)/decrease in inventories		(2 349)	
(Increase)/decrease in trade receivables		(5 550 718)	2 924 698
(Increase)/decrease in other receivables		(2 626 020)	(1 315 441)
(Increase)/decrease in VAT receivable		(544 143)	(336 273)
Increase/(decrease) in conditional grants and receipts		5 146 478	3 611 240
Increase/(decrease) in trade payables		3 648 387	7 998 464
Cash generated by/(utilised in) operations		<u>4 224 817</u>	<u>17 964 413</u>
31 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank overdrafts		911 163	1 251 027
Net cash and cash equivalents (net of bank overdrafts)		<u>911 163</u>	<u>1 251 027</u>

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
32 CORRECTION OF ERROR			
During the year ended 30 June 2012 and previous years, PPE and other assets were incorrectly recognised: -			
The comparative amount has been restated as follows:			
	30 June 2012	Restated amount	
Audit adjustment Finance Leases		429616	429616
VAT Correction	334395	336273	1878
PPE written back and restated	64400782	66726221	2325439
Investment Properties	26222000	35155800	8933800
Finance Lease Obligation Short Term Portion	202930	200589	2341
Trade and Other Payables from Exchange Transactions	10476768	7998464	2478304
Unspent Conditional Grants and Receipts	3556118	3611239	-55121
Finance Lease Obligation Long Term Portion	589167	385972	203195
Provisions	8385000	1022400	7362600
		<u>21 682 052</u>	
Net effect on Statement of Financial Position			<u>21 682 052</u>
Net effect on Accumulated surplus opening balance			<u>21 682 052</u>
33 FAIR VALUE ADJUSTMENT			
Fair value adjustment Investment Prop (Fair Value Model)			<u>10 756 640</u>
34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			
34.1 Unauthorised expenditure			
Reconciliation of unauthorised expenditure			
Opening balance		8 305 999	5 635 750
Over expenditure - Community and Social Services			56 559
Over expenditure - Public Safety			95 539
Over expenditure - Budget and Treasury			1 398 391
Over expenditure - Electricity			1 119 760
An order was placed with a service provider for catering, and the official involved doubled the order without authorisation, (The official has since then left the council)		5 606	
Over expenditure - Councillor Allowances		48 103	
Over expenditure - Bad Debt Provision		710 581	
Over expenditure - Depreciation		1 372 454	
Unauthorised expenditure approved by council			
Unauthorised expenditure awaiting authorisation		<u>10 442 743</u>	<u>8 305 999</u>
The over expenditure relates to the implementation of GRAP 17 Council could not foresee what amount to budget for depreciation and bad debt provision was performed in a more realistic and credible manner.			
34.2 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance -		149 761	-
Interest outstanding external audit fees			69 120
			80 641
Fruitless and wasteful expenditure awaiting condonement		<u>149 761</u>	<u>149 761</u>

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

Note	2013 R	2012 R
34.3 Irregular expenditure		
Refer to 2011/2012 Financial Statements		
Reconciliation of irregular expenditure		
Opening balance	9 513 003	
		1 743 246
		3 037 065
		409 726
		1 422 561
		1 489 752
		522 525
		888 128
Non-compliance with the Supply Chain Management Regulations were identified.	55 500	
	10 075	
Irregular expenditure awaiting condonement	<u>9 578 578</u>	<u>9 513 003</u>

In terms of section 36 of the Municipal Supply Chain regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council.

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL
35 FINANCE MANAGEMENT ACT

35.1 Contributions to organised local government

Opening balance		
Council subscriptions	106 000	124 500
Amount paid - current	(106 000)	(124 500)
Amount paid - previous years		
Balance unpaid (Included in payables)	<u>-</u>	<u>-</u>

35.2 Audit fees

Opening balance		
Current year audit fee	2 315 104	2 315 104
Amount paid - current year		
Amount paid - previous years	(500 000)	
Balance unpaid (Included in payables)	<u>1 815 104</u>	<u>2 315 104</u>

The balance unpaid represents previous years unpaid audit fees.

35.3 VAT

VAT input receivables and VAT output payables are shown in note 16. All VAT returns have been submitted.

35.4 PAYE and UIF

Opening balance		
Current year payroll deductions		
Amount paid - current year	2 163 948	1 341 544
Amount paid - previous years	(2 163 948)	(1 341 544)
Balance unpaid (Included in payables)	<u>-</u>	<u>-</u>

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

Note	2013 R	2012 R
35.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions	1 614 272	1 174 714
Amount paid - current year	(1 614 272)	(1 174 714)
Amount paid - previous years		
Balance unpaid (Included In payables)	<u>-</u>	<u>-</u>

The balance represents pension and medical aid contributions deducted from employees in the June 2013 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2013.

35.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

as at 30 June 2013

Councillor W Seekoel

Councillor M Bonaparte

Total Councillor Arrear Consumer Accounts

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
481	481	
909	682	227
<u>1 390</u>	<u>1 163</u>	<u>227</u>

as at 30 June 2012

Councillor J Lewis

Councillor A Mboneni

Councillor K Hendricks

Councillor M Bonaparte

Councillor W Seekoel

Total Councillor Arrear Consumer Accounts

13 196	490	12 706
122	122	-
15 539	490	15 049
368	220	148
150	150	-
<u>29 375</u>	<u>1 472</u>	<u>27 903</u>

36 CAPITAL COMMITMENTS

36.1 Commitments in respect of capital expenditure

- Approved and contracted for
Infrastructure
Other

2 847 634	6 536 685
<u>2 847 634</u>	<u>6 536 685</u>

Total

<u>2 847 634</u>	<u>6 536 685</u>
------------------	------------------

This expenditure will be financed from:

- Government Grants
- Own resources

2 847 634	6 259 518
	277 167
<u>2 847 634</u>	<u>6 536 685</u>

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
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37 CONTINGENT LIABILITY

37.1 Phil-Ann Roberts vs Ikwezi Municipality / Xola Jack

This is a sexual harassment case the plaintiff, a former female employee. Mr. Xola Jack pleaded guilty to the charge of sexual harassment and entered into an agreement with council, getting minimal sanction. The inappropriate sanction agreed on created liability for council and a sizeable claim is a possibility. this could estimate at around R 450,000.00 including legal fees.

38 RELATED PARTIES

38.1 Party Related Transactions

The following are persons having authority and responsibility for planning, directing and controlling the activities of the Municipality - directly or indirectly.

Executive Mayor

Councillors

Municipal Manager

Chief Financial Officer

Acting Director Corporate Services

Director Strategic Services

Director Technical and Community Services

39 RISK MANAGEMENT

39.1 Financial risk management

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

39.2 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statement

39.3 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 38.7 below). No formal policy exists to hedge volatilities in the interest rate market.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

39.4 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates

39.5 Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

The municipality's sensitivity to interest rates has decreased during the current period mainly due to the reduction in the balance of the variable rate debt instrument.

Ikwezi Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2013

	Note	2013 R	2012 R
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39.6 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The municipality has access to financing facilities.

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The municipality expects to maintain current debt to equity ratio. This will be achieved through increasing tariffs and the increased use of unsecured bank loan facilities.

39.7 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas.

Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

39.8 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

40 Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The financial statements indicates that the municipality's current liabilities exceed its total current assets by R 16 338 686. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Ikwezi Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation				Accumulated Depreciation			
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Closing Balance
	R	R	R	R	R	R	R	R
Land								
Land	2 319 800	-	-	-	2 319 800	(782 955)	(71 726)	(854 682)
Landfill Sites	1 022 400	-	-	-	1 022 400	-	-	-
Quarries	-	-	-	-	-	-	-	-
	3 342 200	-	-	-	3 342 200	(782 955)	(71 726)	(854 682)
Buildings	-	-	-	-	-	-	-	-
Infrastructure								
Water	12 452 100	316 794	-	-	12 768 895	(5 337 682)	(292 456)	(5 630 137)
Electricity	12 110 642	525 263	-	-	12 635 904	(2 672 405)	(250 291)	(2 922 696)
Sewerage	20 221 444	-	-	-	20 221 444	(7 161 981)	(397 333)	(7 559 314)
Roads	48 612 559	2 795 176	-	-	51 407 735	(21 256 952)	(752 537)	(22 009 489)
Under construction	-	5 782 070	-	-	5 782 070	-	-	-
	93 396 745	9 419 303	-	-	102 816 048	(36 429 019)	(1 692 617)	(38 121 637)
Community Assets								
Cemetery	2 010 209	-	-	-	2 010 209	(341 320)	(20 102)	(361 422)
Land fill Site	277 242	-	-	-	277 242	(210 703)	(2 772)	(213 475)
Building	3 528 278	-	-	-	3 528 278	(823 265)	(117 609)	(940 874)
	5 815 728	-	-	-	5 815 728	(1 375 288)	(140 484)	(1 515 771)
Heritage Assets								
Historical Buildings	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-
	102 554 673	9 419 303	-	-	111 973 976	(38 587 263)	(1 904 827)	(40 492 090)
Total carried forward								
								71 481 886

Ikwezi Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation			
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R
Total brought forward	102 554 673	9 419 303	-	-	111 973 976	(38 587 263)	(1 904 827)	(40 492 090)	71 481 886
Other Assets									
Computer Equipment	754 091	174 737			928 828	(372 679)	(169 554)	(542 232)	386 596
Furniture & Fittings	474 226	148 251			622 478	(206 391)	(55 821)	(262 212)	360 265
Infrastructure Equipment	30 398	15 350			45 748	(8 067)	(2 196)	(10 263)	35 485
Motor Vehicles	1 251 536	-			1 251 536	(435 968)	(156 808)	(592 776)	658 760
Office Equipment	59 632	77 065			136 697	(18 546)	(15 941)	(34 487)	102 210
Other Equipment	78 141	72 707			150 848	(31 111)	(19 190)	(50 301)	100 547
Plant & Machinery	36 663	17 775			54 438	(7 531)	(4 232)	(11 762)	42 675
	2 684 688	505 885	-	-	3 190 573	(1 080 292)	(423 741)	(1 504 034)	1 686 539
Finance Lease Assets									
Office Equipment	1 309 371				1 309 371	(154 956)	(51 652)	(206 608)	1 102 762
Other Assets	-				-	-	-	-	-
	1 309 371	-	-	-	1 309 371	(154 956)	(51 652)	(206 608)	1 102 762
Total	106 548 732	9 925 188	-	-	116 473 919	(39 822 511)	(2 380 221)	(42 202 732)	74 271 187

Ikwezi Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation				Accumulated Depreciation		
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Closing Balance
	R	R	R	R	R	R	R
Land							
Land	2 319 800				2 319 800	(782 955)	(782 955)
Landfill Sites	1 022 400				1 022 400	-	-
Quarries					-	-	-
	3 342 200	-	-	-	3 342 200	(782 955)	(782 955)
Buildings							
Infrastructure							
Water	11 793 037	659 064			12 452 100	(5 063 050)	(274 632)
Electricity	12 110 642	-			12 110 642	(2 422 114)	(250 291)
Sewerage	20 221 444	-			20 221 444	(6 764 647)	(397 333)
Roads	29 275 172	19 337 387			48 612 559	(20 565 618)	(691 334)
Under construction					-	-	-
	73 400 295	19 996 451	-	-	93 396 745	(34 815 428)	(1 613 591)
Community Assets							
Cemetery	543 135	1 467 074			2 010 209	(321 218)	(20 102)
Land fill Site	277 242	-			277 242	(207 931)	(2 772)
Building	3 528 278	-			3 528 278	(705 655)	(117 609)
	4 348 655	1 467 074	-	-	5 815 728	(1 234 804)	(140 484)
Heritage Assets							
Historical Buildings					-	-	-
Paintings & Artifacts					-	-	-
	-	-	-	-	-	-	-
Total carried forward	81 091 149	21 463 524	-	-	102 554 673	(36 833 188)	(1 754 075)
							(38 587 263)
							63 967 411

Ikwezi Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation				Accumulated Depreciation		
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Closing Balance
	R	R	R	R	R	R	R
Total brought forward	81 091 149	21 463 524	-	-	102 554 673	(36 833 188)	(1 754 075) (38 587 263)
Other Assets							
Computer Equipment	529 156	224 935			754 091	(231 137)	(141 542)
Furniture & Fittings	337 251	136 975			474 226	(162 130)	(44 262)
Infrastructure Equipment	30 398	-			30 398	(6 041)	(2 026)
Motor Vehicles	1 251 536	-			1 251 536	(279 160)	(156 808)
Office Equipment	37 918	21 714			59 632	(12 550)	(5 996)
Other Equipment	73 410	4 731			78 141	(21 733)	(9 378)
Plant & Machinery	36 663	-			36 663	(4 555)	(2 975)
	2 296 332	388 355	-	-	2 684 688	(717 306)	(362 986)
Finance Lease Assets							
Office Equipment	1 309 371				1 309 371	(154 956)	(154 956)
Other Assets	1 309 371	-	-	-	1 309 371	(154 956)	(154 956)
Total	84 696 852	21 851 880	-	-	106 548 732	(37 705 450)	(2 117 061) (39 822 511)
							66 726 220

Ikwezi Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
as at 30 June 2013

2012				2013		
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
22 267 831	6 286 748	16 001 086	Executive & Council	31 667 737	7 388 430	24 279 307
	8 748 518	(8 748 518)	Budget & Treasury		5 887 905	(5 887 905)
	1 894 939	(1 894 939)	Corporate Services		4 473 480	(4 473 480)
	1 997 549	(1 997 549)	Planning & Development		2 841 284	(2 841 284)
	732 511	(732 511)	Community & Social Services		742 894	(742 894)
	301 539	(301 539)	Public Safety		665 782	(665 782)
	12 550	(12 550)	Sport & Recreation		120 650	(120 650)
1 209 561	1 666 332	(456 770)	Waste Management	1 603 505	1 713 003	(109 498)
983 968	1 225 535	(241 567)	Road Transport	-	1 178 125	(1 178 125)
3 142 841	2 843 018	299 823	Waste Water Management	1 947 437	3 622 390	(1 674 953)
3 797 655	1 140 238	2 657 417	Water	1 669 591	4 112 418	(2 442 826)
5 546 180	6 759 719	(1 213 539)	Electricity	8 406 024	9 080 253	(2 674 230)
			Other			
36 948 037	33 589 192	3 358 846		43 294 294	41 824 575	1 469 719
			Less: Inter-Department Charges			
36 948 037	33 589 192	3 358 846	Total	43 294 294	41 824 575	1 469 719